CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 8, 2000

H.R. 4340
Mineral Revenue Payments Clarification Act of 2000

As ordered reported by the House Committee on Resources on July 19, 2000

SUMMARY

H.R. 4340 would amend the Mineral Leasing Act to change the method used to calculate amounts paid to states from federal onshore mineral leasing receipts. CBO estimates that enacting this bill would increase direct spending by about $111 million over the 2001-2005 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply. Implementing H.R. 4340 also could affect discretionary spending, but we estimate that any such impacts would be less than $100,000 annually.

H.R. 4340 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Enactment of this legislation would benefit state and local governments by increasing the share of federal mineral revenues paid to the states.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4340 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING [a]					
Payments to States Under Current Law					
Estimated Budget Authority	617	624	620	612	629
Estimated Outlays	617	624	620	612	629
Proposed Changes					
Estimated Budget Authority	21	22	22	23	23
Estimated Outlays	21	22	22	23	23
Payments to States Under H.R. 4340					
Estimated Budget Authority	638	646	642	635	652
Estimated Outlays	638	646	642	635	652

a. H.R. 4340 also could affect discretionary spending, but by less than $100,000 a year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4340 will be enacted near the start of fiscal year 2001.

Changes in Direct Spending

Under current law, a portion of the federal government's annual costs to administer onshore mineral leasing programs is deducted from gross onshore mineral receipts prior to making payments to states in the following year. States receive 50 percent of those net receipts, except Alaska, which receives 90 percent of net onshore mineral receipts generated in that state. H.R. 4340 would amend current law so that no federal administrative costs would be deducted from gross onshore mineral receipts before making payments to states.

According to the Minerals Management Service (MMS), the agency responsible for calculating these payments to states, about $21 million—18 percent of federal administrative costs for the onshore minerals management program incurred during 1999—will be deducted from payments made to states for fiscal year 2000. Under this bill, such deductions would no longer be made. As a result, based on information from the MMS, CBO estimates that enacting H.R. 4340 would increase direct spending for payments to states by $21 million in 2001 and by $111 million over the 2001-2005 period. That estimate assumes that federal costs for administering onshore mineral leasing will continue to be about $117 million a year (adjusted annually for inflation) and that, under current law, payments to states would be reduced by 18 percent of those administrative costs.

Changes in Discretionary Spending

By changing the formula for calculating payments to states, this legislation could affect administrative costs for the MMS. Based on information from the agency, however, we estimate that any changes in discretionary spending to calculate payments to states would be less than $100,000 a year.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Because H.R. 4340 would increase direct spending for certain payments to states, pay-as-you-go procedures would apply. The net change in outlays that are subject to pay-as-you-go procedures is shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	21	22	22	23	23	24	24	25	26	26
Changes in receipts	Not applicable									

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 4340 contains no intergovernmental mandates as defined in UMRA. Enactment of this legislation would benefit state and local governments by increasing the share of federal mineral revenues paid to the states.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

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